

Introduced by Senator Torlakson

February 23, 2005

Senate Constitutional Amendment No. 12— A resolution to propose to the people of the State of California an amendment to the Constitution of the State, by amending Section 8 of Article XVI thereof, relating to school finance.

LEGISLATIVE COUNSEL'S DIGEST

SCA 12, as introduced, Torlakson. Education finance: minimum amount.

Existing provisions of the California Constitution require that specified state funds be applied annually for the support of school districts and community college districts in an amount not less than the greater of the amounts calculated under 3 different tests: (1) the amount that as a percentage of General Fund revenues appropriated for school districts and community college districts is equal to the percentage of General Fund revenues appropriated for that purpose in the 1986–87 fiscal year, (2) the amount required to ensure that the total allocations to school districts and community college districts from General Fund proceeds of taxes and allocated local proceeds of taxes are not less than the total amount from these sources in the prior fiscal year adjusted for changes in enrollment and cost of living, operative only in a fiscal year in which the percentage growth in per capita personal income is less than or equal to the percentage growth in per capita General Fund revenues plus .5%, or (3) the amount calculated pursuant to (2), but adjusted for changes in enrollment and the change in per capita General Fund revenues, operative only when the percentage growth in per capita personal income is greater than the percentage growth in per capita General Fund revenues plus .5%.

Existing provisions of the California Constitution also permit the suspension of these provisions by the Legislature, with certain requirements, and provide that school districts or community college districts are entitled to a maintenance factor, as specified, if these provisions are suspended by the Legislature, or if funding of the public education system is computed pursuant to test (3), as described above.

This measure would require a maintenance factor determined for any fiscal year to be allocated in full to school districts and community college districts, with interest, no later than 3 fiscal years following the fiscal year in which the entitlement to the maintenance factor arose.

The measure would impose additional conditions on the authority of the Legislature to suspend the obligation to provide the minimum educational funding described above, including the requirements that the Governor issue a proclamation declaring a severe state fiscal hardship and that the Legislature provide for the allocation of the maintenance factor as required by this measure.

The measure would also provide that, if the Legislature suspends the minimum educational funding obligation for a fiscal year, the total allocations made to school districts and community college districts and allocated local proceeds of taxes for that fiscal year must, in the aggregate, equal not less than 92% of the aggregate amount of those allocations made in the prior fiscal year.

Vote: $\frac{2}{3}$. Appropriation: no. Fiscal committee: yes. State-mandated local program: no.

- 1 *Resolved by the Senate, the Assembly concurring,* That the
- 2 Legislature of the State of California at its 2005–06 Regular
- 3 Session commencing on the sixth day of December 2004,
- 4 two-thirds of the membership of each house concurring, hereby
- 5 proposes to the people of the State of California, that the
- 6 Constitution of the State be amended as follows:
- 7 That Section 8 of Article XVI thereof is amended to read:
- 8 SEC. 8. (a) From all state revenues there shall first be set
- 9 apart the moneys to be applied by the State for support of the
- 10 public school system and public institutions of higher education.
- 11 (b) Commencing with the 1990–91 fiscal year, the moneys to
- 12 be applied by the State for the support of school districts and

community college districts shall be not less than the greater of the following *applicable* amounts:

(1) The amount ~~which~~ *that*, as a percentage of General Fund revenues ~~which~~ *that* may be appropriated pursuant to Article XIII B, equals the percentage of General Fund revenues appropriated for school districts and community college districts, respectively, in *the 1986-87* fiscal year ~~1986-87~~.

(2) The amount required to ensure that the total allocations to school districts and community college districts from General Fund proceeds of taxes appropriated pursuant to Article XIII B and allocated local proceeds of taxes ~~shall~~ *are* not ~~be~~ less than the total amount from these sources in the prior fiscal year, excluding any revenues allocated pursuant to subdivision (a) of Section 8.5, adjusted for changes in enrollment and adjusted for the change in the cost of living pursuant to paragraph (1) of subdivision (e) of Section 8 of Article XIII B. This paragraph ~~shall be~~ *is* operative only in a fiscal year in which the percentage growth in California per capita personal income is less than or equal to the percentage growth in per capita General Fund revenues ~~plus one-half~~ *one-half* of one percent.

(3) (A) The amount required to ensure that the total allocations to school districts and community college districts from General Fund proceeds of taxes appropriated pursuant to Article XIII B and allocated local proceeds of taxes equal the total amount from these sources in the prior fiscal year, excluding any revenues allocated pursuant to subdivision (a) of Section 8.5, adjusted for changes in enrollment and adjusted for the change in per capita General Fund revenues.

(B) In *addition to the amount computed pursuant to subparagraph (A)*, an amount equal to one-half of one percent times the prior year total allocations to school districts and community colleges from General Fund proceeds of taxes appropriated pursuant to Article XIII B and allocated local proceeds of taxes, excluding any revenues allocated pursuant to subdivision (a) of Section 8.5, adjusted for changes in enrollment.

(C) This paragraph ~~(3)~~ *shall be* *is* operative only in a fiscal year in which the percentage growth in California per capita personal income in a fiscal year is greater than the percentage growth in

1 per capita General Fund revenues plus ~~one-half~~ *one-half* of one
2 percent.

3 (c) In any fiscal year, if the amount computed pursuant to
4 paragraph (1) of subdivision (b) exceeds the amount computed
5 pursuant to paragraph (2) of subdivision (b) by a difference that
6 exceeds one and one-half percent of General Fund revenues, the
7 amount in excess of one and one-half percent of General Fund
8 revenues shall not be considered allocations to school districts
9 and community colleges for purposes of computing the amount
10 of state aid pursuant to paragraph (2) or ~~3~~ (3) of subdivision (b)
11 in the subsequent fiscal year.

12 (d) In any fiscal year in which school districts and community
13 college districts are allocated funding pursuant to paragraph (3)
14 of subdivision (b) or pursuant to subdivision ~~(h)~~ (g), they shall be
15 entitled to a maintenance factor, equal to the difference between
16 (1) the amount of General Fund moneys ~~which~~ *that* would have
17 been appropriated pursuant to paragraph (2) of subdivision (b) if
18 that paragraph had been operative or the amount of General Fund
19 moneys ~~which~~ *that* would have been appropriated pursuant to
20 subdivision (b) had subdivision (b) not been suspended, and (2)
21 the amount of General Fund moneys actually appropriated to
22 school districts and community college districts in that fiscal
23 year.

24 (e) The maintenance factor for school districts and community
25 college districts determined pursuant to subdivision (d) *for any*
26 *fiscal year* shall be adjusted annually for changes in enrollment,
27 and adjusted for the change in the cost of living pursuant to
28 paragraph (1) of subdivision (e) of Section 8 of Article XIII B,
29 until it has been allocated in full. The maintenance factor shall be
30 allocated *in full*, in a manner determined by the Legislature ~~in~~
31 ~~each fiscal year in which the percentage growth in per capita~~
32 ~~General Fund revenues exceeds the percentage growth in~~
33 ~~California per capita personal income. The maintenance factor~~
34 ~~shall be reduced each year by the amount allocated by the~~
35 ~~Legislature in that fiscal year. The minimum maintenance factor~~
36 ~~amount to be allocated in a fiscal year shall be equal to the~~
37 ~~product of General Fund revenues from proceeds of taxes and~~
38 ~~one-half of the difference between the percentage growth in per~~
39 ~~capita General fund revenues from proceeds of taxes and in~~
40 ~~California per capita personal income, not to exceed the total~~

~~dollar amount of the maintenance factor, including interest as provided by law, no later than the end of the third fiscal year following the fiscal year in which the entitlement to the maintenance factor arose pursuant to subdivision (d). The interest paid on a maintenance factor shall not be considered an allocation to school districts and community college districts for purposes of this section for any fiscal year.~~

(f) For purposes of this section, “changes in enrollment” shall be measured by the percentage change in average daily attendance. However, in any fiscal year, there shall be no adjustment for decreases in enrollment between the prior fiscal year and the current fiscal year, unless there have been decreases in enrollment between the second prior fiscal year and the prior fiscal year and between the third prior fiscal year and the second prior fiscal year.

~~(h)~~

(g) (1) Subparagraph (B) of paragraph (3) of subdivision (b) may be suspended for one *fiscal* year only ~~when~~ if made part of or included within any bill enacted pursuant to *subdivision (c) of Section 12 of Article IV.* ~~All~~

(2) *All other provisions of subdivision (b) may be suspended for one fiscal year by the enactment of an urgency statute pursuant to Section 8 of Article IV, provided that the all of the following conditions are met:*

(A) *The urgency statute may is not be made part of or included within any bill enacted pursuant to subdivision (c) of Section 12 of Article IV.*

(B) *The Governor issues a proclamation declaring that the suspension is necessary due to a severe state fiscal hardship.*

(C) *The urgency statute provides for the allocation, as required by subdivision (e), of the maintenance factor arising from that suspension.*

(D) *There does not exist an outstanding maintenance factor.*

(h) *The specified provisions of subdivision (b) may not be suspended pursuant to paragraph (2) of subdivision (g) for more than two fiscal years during any period of 10 consecutive fiscal years.*

(i) *In the event of a suspension of the specified provisions of subdivision (b) pursuant to paragraph (2) of subdivision (g) for any fiscal year, the total allocations to school districts and*

1 *community college districts from General Fund proceeds of taxes*
2 *appropriated pursuant to Article XIII B and allocated local*
3 *proceeds of taxes for that fiscal year shall, in the aggregate,*
4 *equal not less than 92 percent of the aggregate amount of those*
5 *allocations made in the prior fiscal year.*